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THE EARLY MODERN EUROPEAN ECONOMY

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only gain at the expense of all others. The evidence shows that the early modern economy was capable of, and actually was, providing growing advantages – spoils – for large sectors of the economy without depressing the rest. Second, it relies upon all players in it having some flexibility and some scope for action. In other words, it relies on every player having some kind of 'power' and 'control'; perhaps not a great deal, but some. The game requires a situation, social and political as well as economic, in which power is not all concentrated in one place and in which all the other players are powerless. Power can be of different types, since not all power comes from the control of the means of production, and the exercise of power is diffused throughout the social structure. The simple economic and social model of the haves and the have-nots, of elite and mass, rich and poor, and the inevitable conflict between them cannot exist in parallel with the strategic game.

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The Rise of a Consumer Society

The older interpretations of the early modern European economy centred around issues of production: how goods were produced, how raw materials were supplied, how the industries were organised and financed, how labour was employed. Questions about the demand for the goods produced, about the market for them, who consumed them and why and how they reached the consumer were subordinated to the topic of production to such an extent that issues of demand and consumption were largely ignored.

The reasons for this concentration on production are many. First, the means of production and who controlled it were absolutely central to the older explanations and, indeed, to the whole tradition of economic and social history which developed round it. Second, the picture which the old interpretations offered of the early modern economy as essentially stagnant, dominated by poverty and subsistence for the huge majority of the population, did not allow for questions of consumption to pay any part. The population had to be impoverished (much of the model would not work if this was not so) and an impoverished population could hardly make choices about what and when to consume. Third, according to the old interpretations, it was only after the liberating effects of industrialisation and the social and economic changes which it produced had occurred that patterns of consumer demand and modes and structures of consumption could develop. To say that widespread consumer demand developed before industrialisation is to deny that industrialisation and the Industrial Revolution are at the very centre of that economic and social change. Fourth, the production side of the economy is much easier for historians to study, because it left more complete and more accessible records than did consumption.

Production was tied up in what can perhaps be called the formal and institutionalised part of the economy, involving national legislation and control and preserved in government and legal record. In contrast, the consumption side of the economy, including the ways in which goods were supplied and sold, belongs to a much more informal and often undocumented side of the economy. Where records exist they are much less complete and much more fragmentary, chiefly because private papers of this sort are seldom kept for long. Old account books and ledgers were of little use or interest in business.

Even when taken on its own terms, the production-centred approach has many problems and contradictions. First, economic historians are discovering an increasingly large amount of evidence that consumer demand in early modern Europe was not minimal, static or unchanging. Recent studies show that there were patterns of consumption and distribution throughout Europe which changed in nature and also grew during the early modern period.

Second, the older historians fail to explain convincingly where the production of industry went. It is clear that the production of industry increased during the early modern period. Industrial units grew larger and more efficient and in addition they increased numerically, so more and more goods were produced. If the normal processes of the economic system were to operate, those goods must have been bought by somebody. It is possible that growing demand was generated by the development of extra-European markets, in Asia or the Americas. The evidence suggests that, at least until the middle of the eighteenth century, Asia was better able to supply itself with manufactured goods than Europe was to supply them, and that although the developing American colonies, north and south, did undoubtedly provide an important market for Europe's industries, they were also developing their own production and certainly were not either able or willing to provide a sufficiently large market to explain the expansion of production in Europe. Again, it is possible that growing demand was a result of a growing population, although of course that growing population would in time lead to a further impoverishment of the population and hence to falling demand. Finally, Say's Law, that every supply generates its own demand, has to be called into play; the problem here is that Say's Law implies that any good will be consumed if its price is right, usually meaning if it is low enough. However, in the situation of stagnation and impoverishment described in the traditional interpretations of the early modern economy, the only way in which Say's Law could apply is

by industrial producers constantly cutting prices, and hence reducing profits in a constantly downward spiral. This hardly seems likely to have produced an increase in industrial activity except in the very short run.

Third, the older historians needed to explain how and why industrial processes and industrial organisation changed during the early modern period, since without that change it was impossible for them to explain the beginnings of the Industrial Revolution. If there were no pressure from changes in demand and consumption to change production methods or the goods produced, they had to explain change as being the consequence of pressures within industry itself, above all as the result of bottlenecks and other problems in production caused either by shortages of raw materials or by the inefficiency of old techniques. These problems did exist and did sometimes lead to change, for example the development of coke iron-smelting in England in the early eighteenth century was a consequence of the desperate shortage of suitable timber for charcoal production, as the survival of charcoal-based iron production in areas like the Corrèze valley in France, where supplies of timber remained, clearly demonstrates.[1] However, it is also clear that many of the bottlenecks in industrial production were the consequence of the growing demand for products, and in particular for new products.

So the production-based interpretations fail to provide a satisfactory economic model because they focus almost exclusively on a single aspect of the early modern economy. This results in a distorted picture which is at variance with the documentary evidence. Furthermore, the production-based interpretations cannot fit within the world of strategic choice described in the previous chapter. If most people in early modern Europe were in a position to make choices and to follow their own strategies and aims, they must also logically have had choice in consumption, both whether to consume and what to consume. In such a situation production is going to be affected by the strategic and other choices which individuals and families make. That is not to say that historians should replace a purely production-based model with a purely consumption-based one. Production could never respond immediately to demand and to changes in patterns of consumption. Historians need to construct a model of the early modern economy in which both production and consumption are represented more accurately.

There is convincing evidence that, throughout Europe, especially in the later seventeenth century and during the eighteenth century, consumption expanded, in the sense that more and more families bought goods which were not purely the necessities of survival. There is also

growing evidence of changes in consumption: new goods were available, people bought different goods and increasingly followed fashion. In addition, most strikingly in the eighteenth century but by no means limited to it, there is a growing 'leisure' industry, for instance, there were increased numbers of bars, eating places and cafés, as it became fashionable among all classes, not just the wealthy, to take daily promenades and Sunday outings. Most of Western and Central Europe was involved in this expansion of consumption and consumer choice. This was not something which was confined to 'developing' areas such as England and the Netherlands, nor was it confined to the eighteenth century and the 'beginnings of industrialisation'. The beginnings of this consumer society in England in the sixteenth century occur at a time when England was still one of the more backward regions of Europe economically.[2]

A general increase in consumption across Europe during the early modern period can be seen in the greater volume of manufactured goods produced and traded and in the growing development of new industries and in the expansion of old ones. It can also be seen most spectacularly in the growing amount of goods imported from the non-European world. During the sixteenth century, Europe's importation of spices from the East increased perhaps fourfold. It was the reason why the great Mediterranean cities such as Venice and Genoa were able to ignore the competition of the Portuguese, who had reached India via the Cape of Good Hope in 1498 and attempted unsuccessfully in the early years of the sixteenth century to monopolise the spice trade. After the 1520s the volume of spices brought round the Cape of Good Hope by Portugal remained roughly static for the rest of the century, while the trade of the Italian cities not merely recovered but in fact expanded massively during what has been called their final Golden Age.[3] In the seventeenth and eighteenth centuries Europe expanded massively its demand for and consumption of colonial products such as sugar and tobacco. New trades and new industries were to develop in relation to this massive expansion in demand for goods which were not necessities and which had previously been either unknown or rare and expensive luxuries. This increased level of consumption was not merely limited to manufactured or imported goods. Raw materials, too, were in greater demand, whether industrial raw materials, like wool or iron ore, or the raw materials for building better housing, bricks, stone, timber and glass, or the raw materials for everyday life, such as firewood, coal or charcoal for domestic heating and cooking.

A major increase in levels of consumption is also apparent from the inventories of relatively simple households preserved in legal documents. This is the best indication there is of consumption, but the collection of information from these sources has only just begun and is at present very limited in its scope, being rather heavily biased in favour of urban rather than rural households and towards the eighteenth century rather than to earlier periods. What has emerged, however, is that, throughout Europe, the early modern period sees a marked increase in the number of items possessed by each household.[4] Furthermore, not merely did each household have more goods, but it had goods of a much wider variety, of a much higher value and also of a much less utilitarian kind. More colourful and more decorative clothes had replaced rather simple, dull clothing, kitchen equipment was more specialised, household crockery was more likely to be decorated, there were more likely to be ornaments on the mantelshelf (and there was more likely to be a mantelshelf), curtains at the windows – even, by the later eighteenth century, paper on the walls – than had been the case in the sixteenth century. Items, too, were more likely to be changed periodically, before they fell to pieces. In the towns and cities, especially, the second-hand dealer was an important figure in most neighbourhoods, not just the poorest.[5] Throughout Europe, houses themselves were improved; English historians are used to the concept of a rebuilding of rural England in the sixteenth century, of the replacement of wattle and daub houses by stone or, later, brick ones, but a similar process seems to have taken place, perhaps over a longer time-span from the sixteenth to the late seventeenth centuries, over much of continental Europe.[6] Not merely were houses made of improved, more weatherproof materials, but their internal layout was changed, producing more specialised use of space which offered greater privacy and also encouraged the purchase and use of furniture and other household items which were of better quality and designed for a single function rather than being multi-purpose. At the end of the early modern period the average European family had better, or at least more, clothes, utensils and household goods than it did at the beginning. Furthermore, all these items reflected more closely changes in fashion, in form, decoration and use than previously.

Some of these changes were the result of changing patterns of international and regional trade or of changing technologies. Wider international and intercontinental trade made a more extensive range of goods available to the consumer. It is worth pointing out that just because

goods were available they did not necessarily become major items of consumption, as the history of the potato demonstrates.[7] New technologies also led to changing patterns of consumer demand. For example, the development of the narrow, curved chimney in place of the medieval wide, straight chimney allowed a reduction in size of the fireplace and the safe use of coal rather than coke or wood. Now, a smaller fire could warm a room much more effectively and cheaply. In addition, the disappearance of the terrible smoke problem which had been associated with the old chimneys greatly increased domestic comfort and made possible not merely a rearrangement of the ways in which rooms were used but also created demands for new types of furniture and equipment for houses.[8] Again it is worth pointing out that the development of that new chimney technology did not mean that it would be adopted automatically and rapidly, nor that the changes in living arrangements which it made possible would actually take place. Individual home owners and occupiers had to choose to have a new chimney. Their decision was based not merely on the benefits they thought they would derive from it. They had also to have sufficient disposable income to pay for the chimney and its installation. They also had to believe that their future prosperity would be such that they would not regret the 'waste' involved in a non-essential purchase. The fact that changes in the availability of goods or technology did lead to changes in consumption patterns and ways of living clearly shows that many people in both town and countryside were able and willing to spend some part of their income on choosing to improve their standard of life.

An increase in levels of consumption can also be seen in the growing importance of leisure and leisure activities in early modern Europe. Leisure activities can be defined as non-productive activities engaged in for personal or group enjoyment. Many early modern leisure pursuits such as attending sermons, watching public executions or bear-baiting do not figure in modern ideas of leisure activity, but this is a matter of cultural difference. For the economic historian, leisure is important because it indicates a level of prosperity which does not require people to engage in productive activity the whole time. It is an indicator that a considerable proportion of the population is sufficiently prosperous to be able to engage in economically non-productive activity. If early modern people could chose to spend time not working, even spending money to engage in leisure activities, it is clear that they were not trapped in an economic situation where they could gain enough for bare survival only by constant toil.

It is necessary to be very careful about this. The idea that it was even possible to work all the time is a modern rather than a pre-modern one. In early modern Europe, much economic and productive activity was intermittent, dictated by the growth cycle of crops, by seasonal demand, by the effects of the seasons on transport and on commerce, by day length and by weather conditions. For the poorer members of society, the problem almost certainly was not a lack of leisure time but rather a surplus of it. What was important about leisure is not its existence, but rather the uses which were made of it. Even at the beginning of the early modern period people enjoyed a whole range of communal and religious activities and events such as religious festivals, village high days, church ales and so forth. Characteristically they were communally organised rather than being commercial undertakings. By the end of the eighteenth century all over Europe, although the traditional forms of leisure activity survived, they often did so in a truncated form, having lost many of the elements which had made them strikingly communal. Either they had been deprived of the involvement of the better-off and more socially aspiring parts of the population and had become no more than 'popular events', or, especially in the towns and cities, they had been taken over by the elite and had become displays of civic wealth and pride, in which most of the population were only involved as spectators. The great communal events of a city like Hamburg had become, by the eighteenth century, not events involving the whole community emphasising communal solidarity but rather great pieces of fabulously expensive civic show, in which the ruling civic elite demonstrated the power and the wealth of the city both to its competitors and to its population.[9]

As the role and nature of more traditional forms of leisure changed, new kinds of leisure activity were growing up to replace them. The new leisure activities took place much more frequently than the old: the periodical village event, happening perhaps once or twice each year, was replaced by the weekly Sunday promenade, or by the daily drink in the bar or café.[10] They were also much more commercial and monetarised than the old activities. Money was necessary to buy the drinks in the bar, or to visit the pleasure garden, and as a consequence the new forms of leisure involved a much more active economic decision, not merely to abstain from work and earning but also to spend money on leisure. Such a change indicates a relatively high level of prosperity compared with the supposed poverty of early modern Europeans. It also illustrates again the importance of individual choice in the

operation of the early modern economy and the variety of ways in which that power was exercised.

New service or productive industries were created to meet the new demand for commercial leisure activities. For example, the adoption of the Sunday promenade in many towns and cities led to the development of new shopping areas, first with Sunday markets and then with shops opening in the areas where promenades took place.[1] It also led to the creation of new commercialised 'places of resort and refreshment', pleasure gardens, eating places and bars. Fashionable promenades required fashionable clothes, new or second-hand, preferably at relatively low prices so people could afford to change to the latest mode. In time this led to the appearance of workshops targeting production at this level of the market. The development of commercialised leisure was not limited to towns and cities. In many villages, bars and cafés opened in response to consumer demand.

A growing propensity to enjoy commercialised leisure activities and to purchase a widening range of consumer goods and services is often used as an indicator of greater economic wellbeing because it is most likely to occur in a society where prosperity is increasing. However, it can only take place when income not merely increases but increases in forms which make greater expenditure possible. In some circumstances, such as those which may well have applied in the first years of industrialisation in Britain, growing consumption, measured by the number and value of goods traded, can go hand in hand with falling incomes if it is accompanied by a profound change in the nature and form of income.

The whole question of how early modern Europeans earned their income and in what form is one of crucial importance to any interpretation of their economy and economic relationships. Payment in kind, that is in produce either from one's own fields or from other people paying for labour or services with their own production, produces an income which may well be high in value, but it gives no purchasing power, except through complex systems of barter. In a barter economy, incomes may be high, but levels of consumption of goods and services not locally produced are likely to be small because of the difficulty of agreeing comparable values for payment and the problems of handling payments in kind. On the other hand, payment in money, for labour and services or from the market sale of production, provides an income which it is much easier to spend. A cash income inevitably involves spending since money has to be spent to buy food and other goods

which, in a barter system, would either have been produced by the consumer or bartered for other goods.

One explanation of the growing consumption of early modern Europe could be simply that more people were producing for the market or that more workers were being paid in cash rather than in kind and so they had more money to spend, and had to spend more money. Why might this process of commercialisation and of a shift to wage employment have been going on? The most usual answers are that there was a growing demand for production for an expanding market sector of the economy. This implies either genuinely growing demand from a rapidly growing population or from increasing prosperity. Both of these factors would lead to a rapidly growing industrial or service sector, both paying wages in cash rather than kind. This leads to the circular argument that this, in its turn, was caused by increased demand coming from either increased prosperity or from a shift to more disposable incomes arising from a greater proportion of cash payments. That is to say that the argument requires an increase in demand as a starting point for its explanation of increasing demand. Of course there is some truth in this; one element in the economic growth of the eighteenth century was undoubtedly that changes in one area of the economy had effects on the rest of the economy which, in turn, led to further growth and changes in the first area. On the other hand, it would certainly be going to far to argue that prosperity in the eighteenth century, and indeed the origins of the Industrial Revolution, were based entirely on the effects of a shift in the form of payment, which is the logical extension of this argument.

The question of the commercialisation and monetarisation of the early modern European economy is an extremely complex one. It has, as yet, received only sparse attention from economic historians, except in the context of the extension of sharecropping in southern Europe and in the revival of feudal relationships in Central and Eastern Europe. In both these cases, the shift which is being studied is one in which a formerly monetarised economy became less monetarised, more dependent upon barter and payments in kind or labour services. In those areas where this process took place, it is obvious that the shift to kind-based systems had important economic and social consequences. The barter base of the economy seriously reduced choice and limited the potential range of strategies available to families. In return they had much greater economic security, albeit with a significantly lower standard of living. For much of Europe, and, even for many people in

areas like Tuscany where the shift from cash to kind was going on, historical experience was different.[12] The evidence points to a gradual but general shift to cash payments and cash trade over much of Europe. Like all such processes in the early modern world, change was not always in a single direction. There is evidence that, especially during the difficult years for the mid-seventeenth century, and in particular in areas like Germany or central Spain, some areas saw a brief reversal of that process, a growing introversion and reversion to production for auto-consumption, to kind payments and to barter.[13] In general these periods of reversal were local and temporary and gradually the general European shift to a monetarised economy reappeared.

In part this shift was a response to changing economic conditions, to a gradual expansion of the market sector of the economy, but other factors played a major role. In particular, political and social change led to a greater emphasis on cash payment and to a cash economy. The growing centralisation of the state and the growing specialisation and professionalisation of some of its functions meant it was no longer as willing as it had been to have its taxes and other dues paid in kind. What it now required was cash which could be easily transported to other parts of the state and beyond its borders, instead of food or services which could only be used in limited ways and in limited localities. If the state required cash, so did its closest servants, the nobility, and in particular the court nobility. The ideal picture of the medieval noble family showed it ensconced in its castle on its estates, supplied with food and wine by its own lands and farms which lay around the castle and which were worked by the feudal services of its tenants, who also provided it with the physical backing upon which its power depended. During the early modern period this image was replaced by a picture of the noble family at court, part of the great theatrical performance which surrounded the king, expressing and operating its power through the lavish expenditure of money on clothes, furniture, food and bribes. At a lower level, too, the wealthy family increasingly came to define status in terms of expenditure and on a lifestyle which was distantly related to that of the noble family at court. This essentially political and social change had major economic consequences; to maintain their new state the nobility, at court or in the provinces, required cash, not goods. This change was so great that for some Marxist historians, it constituted a fundamental change from 'feudal' to 'pre-capitalist' relationships based on cash and the market.[14]

The idea of this transition from a kind to a cash economy must not be taken too far. The economy of late medieval Europe was by no means one which was entirely based on kind payments and barter. The development of urban markets, for instance in Italy, the Low Countries and the Rhine Valley, meant that there was already a major cash sector in the economy. States and noble families did not merely want payment in kind in the Middle Ages and cash had become important then in many sectors of the rural economy as well as in the urban. It should also be noted that the economy of eighteenth-century Europe was by no means entirely monetarised and commercialised. Over large areas of Europe cultivators consumed a proportion and often the largest proportion of the food they produced themselves or exchanged it directly for other goods and services within the local context. Noble families and institutions such as religious houses or tithe gatherers still wanted payment in kind for certain purposes. There was still a large subsistence sector in the European economy even after the eighteenth century, but there had undoubtedly been a shift to a more widely distributed cash-based economy. For an increasing number of the population a greater and greater proportion of total income was taken in a form which made consumption easier and in particular made the diversion of income from pure survival to other forms of expenditure possible. It is difficult to see the 'modernisation' of European agriculture in the later eighteenth and nineteenth centuries taking place without this process of monetarisation and commercialisation.

The monetarisation and commercialisation of the economy were only preconditions and not the sole causes of the development of consumption, any more than was an increase in real wealth. For a family to change from spending only on the basic necessities of life, hoarding any surplus against an uncertain but probably worse future, to the purchase of 'luxuries', 'goods of fantasy' or entertainment required more than a simple increase in disposable wealth, and certainly more than the mere availability of goods or services. It required a significant change in assumptions and beliefs which underlay that family's economic decisions. The miserly peasant living a life of poverty despite having both an annual surplus and a hoard of gold under the mattress, or his good counterpart, the thrifty peasant or tradesman not living 'too high', prudently conserving his goods against future problems, are both common features of the moral literature of the early modern period in most European languages. They are directly or indirectly

being compared, and from the point of view of the moralist, being compared favourably with the spendthrift who is imprudent, spends all that comes in, does not save but wastes his (or her) substance and inevitably comes to a bad end. La Fontaine's grasshopper and ant embody in some senses the tension between the traditional society and its morality and strategies and a developing new society in which the old constraints on consumption were much less. For such a shift in behaviour to take place, for such different strategies to develop, there must have been major changes in people's perceptions, expectations or aims. It must have become acceptable over a wider range of society and over a wider range of economic levels to spend on immediate consumption rather than to save for insurance reasons.

There are two possible explanations for such a change in attitudes. The first is that it was the product of fatalism, stemming from despair and desperation. If things are bad and are inevitably going to get worse, there may appear to be no point in saving and no point in not spending now. In this situation, the growth of consumption would be no more than escapism, the perverse reaction of a populace to growing misery and impoverishment. This seems to be an unlikely explanation of the growth of consumption in early modern Europe. Although impoverishment has been seen as an important element in, for instance, the history of Germany during the mid-seventeenth century, rather than leading to a desperate increase in spending, it led to greater introversion and a decline in consumption.[15] The other explanation is that the change is a result of greater optimism about likely future development of the economy. The family considers that the future is likely to be an improvement on the present and that, if crises arise, they will be manageable, not catastrophic. Modern economic historians increasingly favour this second explanation, which accords more closely with the tone of contemporary sentiment. It would be tempting to link this change with wider European events such as the Scientific Revolution of the seventeenth century, but such explanations are much too simple. Again, it would be wrong to overestimate the unwillingness of Europeans before the seventeenth or eighteenth centuries to spend. What is clear, however, is that consumption did increase steadily during the early modern period, and that attitudes to spending and consumption were gradually changing, rather more rapidly amongst the mass of the people than amongst the elite.

Such a rise of consumption could not be without consequences for the consumer-oriented industries and services. In particular, given the

important role of fashion in the new consumption patterns, industry had to be in a position not merely to produce more, but to change what was produced with some rapidity to meet new demands and new fashions.

Manufacturing industry did not begin either with the Industrial Revolution or with the early modern period. From the Ancient World onwards Europe had possessed a large number of industrial activities and large numbers of Europeans had been involved in industrial production. Much of that industrial production had been for essentially local consumption; the costs of transporting both raw materials and finished products over moderately large distances meant that most basic manufactures could not be transported outside local and regional markets without becoming uncompetitive. This did not mean that higher-value production, and the higher-value raw materials which were needed in many cases to produce them, were not transported from region to region. The glass and mirrors of Murano, the steel of Toledo and Brescia, the high-quality textiles of the Netherlands and, later, England were all traded widely throughout Europe. Raw materials, like the high-quality wool of England or Castile, the iron ore of northern Spain or the timber and tar of the Baltic, were all exported and traded widely from the Middle Ages onwards. The industrial town was hardly an invention of the Industrial Revolution. By the later Middle Ages many towns throughout Europe had a major industrial sector, employing a considerable proportion of the population and providing an important element in the urban economy. The industrial sector was so important that most towns and cities, and the people who were involved in industrial production, sought to ensure that this valuable component of urban life was protected from uncontrolled competition. To this end, industrial activity within the urban context was controlled, in the same way that most retail and service activities were controlled, by urban regulation and by restrictive organisations, the guilds or arts. Late medieval industry was urbanised, highly organised and highly restricted. The restrictions which the guilds, backed by urban governments, and in many cases by the state, sought to impose and to maintain covered all aspects of industry: the employment of labour and the transfer of skills, entry into industrial activity and wages are perhaps the most obvious. In addition the guilds sought to regulate both the quality and the type of goods produced, and governments sought to protect urban industry from external competition by tariffs and taxes.

Such a highly regulated structure had many advantages for those involved in the production of goods and for those trading in them and

for the purchaser who knew that goods purchased from particular producers or from particular towns would be of a given, guaranteed quality and, perhaps equally when there was no standardisation of weights and measures, of guaranteed size. It was, however, a system which was designed to prevent, or at least reduce, the possibility of innovation and change. Innovation and change, in particular the development of new types of product, above all in the textile industry, were what the new patterns of consumption required. Industry had to be able to increase production rapidly, which was not easy when increasing the labour force involved the long and complex process of apprenticeship. The new consumer markets demanded relatively cheap products without the traditional insistence on quality and durability. If clothes were going to go out of fashion relatively quickly, there was little to be gained from insisting that they should be of such quality that they would survive in use for a decade or more. This meant changes in production techniques and in the ethos of production, and it meant falling wages for those employed in production since the jealously guarded traditional skills were much less in demand.

The demand for innovation and change and the reluctance or inability of traditional industry to respond to it helped to produce a major alteration in the pattern of industrialisation. One of the characteristics of the early modern period throughout Europe is the growth of industrial activity in the countryside outside the areas controlled by the guilds and arts. According to the traditional interpretations this spread of industrial production to the countryside is a significant step on the way to the new, nineteenth-century patterns of industrialisation and is called 'proto-industrialisation'.[16] It is seen as significant for two reasons. First, it involves industry and the capital on which the new ventures were based, breaking out of the medieval, 'feudal' restraints of the towns and cities to establish new structures of production and employment ruled by market relationships rather than by the traditional, customary relationships of the towns. Second, proto-industrialisation is seen as being industrialisation (whereas the production of the medieval towns was not), because the organisation of the new industries moved them a step closer to the control of the means of production by capital. Urban industry was essentially dominated by the small-scale master, working on his own account and employing no more than a few journeymen and apprentices, all of who could themselves hope to set up as masters on their own. This was replaced by a system of industrial production in which the trade was dominated by a few large-scale

'capitalists', usually cloth merchants (who were not themselves cloth producers), who provided the raw materials for large numbers of producers and in many cases also owned the machinery on which the goods were produced. The labour force was to become what the labour force of the urban industrial centres had not become, a proletariat tied to its employers, having therefore few means of escape and few possible areas of strategy and choice.

The whole issue of proto-industrialisation is a complex one. Undoubtedly industry, which had been largely absent outside the towns and cities, became established in the countryside and developed some new characteristics. Although industry appeared in the countryside it did not entirely disappear from the towns. Some of the textile towns of northern France, northern Italy or central Castile did see a sharp decline in both employment and prosperity in their traditional forms of production, but in few cases did this process go so far that it can genuinely be called total de-industrialisation.[17] Equally, the move to the countryside in part represented not the movement of traditional forms of production out of the towns, but rather the establishment in the countryside of the production of new textiles, metal or ceramics, which guild restrictions made it difficult to introduce within the towns and cities.[18] Furthermore, it was often the case that only some of the processes of a complex production moved to the countryside. New forms of cloth might be woven in the countryside, new forms of yarn spun there, but many of the dyeing and finishing processes continued to be based in the restricted and controlled towns and cities. In addition, before the arrival of proto-industrialisation, some of the processes involved in production, such as spinning, had been carried out on a putting-out basis in the countryside.

For proto-industrialisation to have some kind of special status it must be more than just a variation in production patterns introduced to make the development of new forms of production possible. It should clearly represent a new departure in the ownership of the means of production and, more particularly, in the relationship of workers to employers, of labour to capital. It is by no means clear that it does so. Even within the traditional interpretations, it is not clear that proto-industrialisation really does constitute a step on the way to the new relationships which are so vital to that interpretation. It almost looks like an attempt to integrate into the interpretative framework what strictly should not have happened, a movement of industry and production away from the sort of urban centres which are supposed to be

so characteristic of industrialisation and bourgeois capitalism towards the backward and feudal countryside. Increasingly, economic historians find that they do not in fact need proto-industrialisation to square this particular circle. The movement of industry to the countryside, and the spread of industrial employment there are other strategies for both 'capitalists' and 'workers'. Far from marking a key stage in the subjection of the workers to the owners, the appearance of industrial employment in the countryside adds another element of choice to the range available to individuals and families. It is a particularly useful one, since industrial employment had its own seasonal and longer cycles which were different from those of the agricultural year. Agricultural workers did not, as a result of some process called proto-industrialisation, suddenly become industrial workers. Instead, in the complex economic strategy which most family units operated, rural industrial employment offered a widening of their opportunities and choices. Industrial employment was usually paid for in cash and this extended the monetarisation of the economy, especially for rural families, and hence aided the expansion of the range and importance of consumption.

Despite the traditional view that it was unable to do so, early modern industry managed to keep pace both with expanding demand and with changing patterns of demand. It was not totally inflexible nor yet completely tied to particular, outdated patterns of production. Even after the beginning of industrialisation in England in the eighteenth century, growing demand was, at least until the early years of the nineteenth century, met as much by the expansion of traditional, early modern methods as by the new industrial means.[19] On the Continent this continued to be the case well on into the nineteenth century. The processes which were revolutionised were the basic ones; finishing processes remained largely traditional for much longer. Nowhere was this truer than in the clothing trades, that is to say in those trades most heavily involved in the sort of consumer-related production which was the major change in patterns in the early modern period. Paris, for instance, remained dominated by small-scale producers, both of cloth and even more of clothing, into the twentieth century. The Paris uprising of 22–24 June 1848, 'the June Days', so central to the idea of 'modern' popular dissent based on class and on the new patterns of industrial production, largely involved traditional small masters and journeymen rather than factory workers, of which Paris had very few.

It was not enough to produce the goods for the new consumer markets; the goods had to get to the markets and, when there, they had

to be sold. The importance of communications in any economy which is at a level anywhere above absolute self-sufficiency is clear. For there to be any more than a very simple local exchange of goods there has to be some system of moving them from place to place. The scale and efficiency of that system will play a very major role in determining both the nature of the goods which can be moved about and also the economic organisation and efficiency of the market which develops. As the market and trade sector of the economy expands so another form of communications becomes increasingly important. The participants in any efficient economic system require reasonably concrete, reasonably accurate and reasonably rapid flows of information. They need information about prices, market conditions, demand, the availability of raw materials, the action of princes, and so forth, upon which to make rational decisions about their economic activities. Without such information production and marketing become a game of guesswork and hunches that is unlikely to succeed.

Early modern Europe had adequate systems for the transportation of goods and for the gathering and exchange of information. The vast development of European industry and European commerce during the period could not have happened without effective transportation systems and without reasonably accurate and rapid systems for the communication of information. That these systems were less efficient, in particular in terms of transporting bulk production, than the systems of mass transport which developed in the nineteenth century is beyond doubt. That does not mean that they were ineffective in transporting the goods which did move about, merely that a different sort of goods, or smaller volumes of the same goods, were traded.

The nature of the communications system is one of the reasons why the older historians tended to dismiss it as ineffective. In itself this is a symptom of their insistence that what was important in the early modern economy was that which led on to the economic system which developed from the nineteenth century onwards. Since the early modern system made no real attempt to transport goods overland in bulk and could only do so at the cost of prohibitive increases in price to the consumer, it must follow that it was both inefficient and unimportant. Ironically, of course, it was this highly 'inefficient' system of transport and communications which made the first products of the Industrial Revolution available to most of Europe until the 1840s or even later.

Related to this point is the fact that the early modern transportation system differed very markedly from what followed it, or rather from

what followed it in the perception of many economic historians. The age of industrialisation in the nineteenth century was seen as being intimately connected with bulk land transport and above all with the railways; the Age of Industry and the Age of the Railways are almost synonymous. Although other forms of transport, in particular water transport, were of much greater importance than the railways even in England until the 1830s and 1840s, and continued to be so in many areas of continental Europe for much longer, they have become to be regarded as no more than a side-issue, as an evolutionary dead-end and consequently of little or no importance. Early modern Europe had no efficient system of land-based bulk transport and therefore it could have had no efficient system of transport of any kind.

The older interpretation does have an number of valid points which should not be ignored. First, it is true that, although the transport of bulk goods, in particular of bulk raw materials over land in early modern Europe, did occur, it was a costly business, only to be undertaken when there was no effective alternative. This was particularly the case with food, especially grains and cereals. Despite the importance of food supplies in the overall economy, grain could not be transported over land easily or cheaply and the movement of large quantities of grain overland was something which could only be contemplated at times of great crisis. In the sixteenth century, the costs of transporting grain from Orléans to Lyon increased its price by 75 per cent.[20] The early modern transportation system was much more efficient at moving goods of relatively high unit value rather than goods of bulk consumption. Second, early modern communication was slow, be it over land or by water; it was not possible to rush supplies of goods or raw materials to markets or to producers to meet sudden peaks of demand or to deal with sudden shortages. In the sixteenth century goods moved overland from Lyon to the southern Netherlands averaged 44 km per day; by river they could be moved as fast as 90 km in a day downstream, but upstream they averaged no more than 15 km a day.[21] Even in the eighteenth century, movement away from the most important roads and rivers was slow: the fastest passengers could hope to get from Vannes to Rennes was 24 hours, while goods being moved by river took ten to twelve days, and the river route was only open for six months each year.[22] Third, the flow of information about market conditions and so forth was slow. There was no instantaneous information available and merchants and traders often had to rely either on the lessons of past experience or on trusted agents and partners operating directly in

distant markets. All these factors made the early modern system less 'efficient' than a modern system would be. However, what is important is not that the early modern system could not do what the modern system does but that early modern traders, merchants and manufacturers were well aware of these problems and had developed strategies to deal with them. The specific difficulties of the early modern system might have proved insurmountable for a nineteenth- or twentieth-century businessman trying to operate in a modern way, but for early modern Europeans they were no more than a normal part of the overall situation, to be dealt with by the adoption of the appropriate strategies. As ever, it is important to attempt to see the system through the eyes of the people who were working it rather than as an inefficient precursor of a system which developed from it, in very different economic conditions.

Early modern communications were heavily dominated by water-borne transport. The coasts of Europe were obviously crucial in the movement of goods. Goods and raw materials produced in the interior were brought as quickly as possible to the coast so that they could be more effectively and cheaply transported. Coal from the mines of Northumberland and County Durham were brought to the Tyne and the Wear to allow its easy export; iron ore from the hematite mines of northern Castile was transported from Burgos to the Basque ports of the northern coastline, Bilbao, Santander and San Sebastián.[23] It was not only the major ports which played a role in this coastal trade. Coastal shipping was small, and most coastal places, whether they had harbours or not, carried on sea-borne trade.

Water was also used as the major route into the interior of Europe and as the major arteries of inland trade. The great rivers, the Gironde, the Loire, the Seine, the Rhône, the Scheldt, the Rhine and its tributaries the Meuse and the Main, the Weser, the Elbe, the Oder, the Vistula, the Danube and its tributaries, the Adige and the Po were all major highways for goods (and people) into the far interior of Europe. They constituted important routes along which the trade and production of the interior reached the coast and international markets. Nor was it only the major river systems which saw trade and navigation; rivers like the Charente, the Somme or the Ems were also important regional routes. The limits of navigation on all these rivers were much higher than they were to be in the nineteenth and twentieth centuries; Le Puy in the Auvergne, for instance, was the head of navigation on the Loire, at least in a downstream direction. River boats were much smaller,

and smaller boats were much more economical than they were to become in the nineteenth century, when the need to compete with the railways meant that boats had be much larger. It is often forgotten that streams which are now too shallow for any form of navigation, and ones which have vanished through silting, land drainage or reclamation, were important locally and that methods of improving the depth of water, such as flashing, were used all over Europe, allowing even mountainous areas to served by water-borne transport, at least downstream.

River navigation was slow, especially upstream, where the need to make progress against the current meant that animals or human towers were necessary, increasing both time and cost. Although this was a major problem in the nineteenth century, especially as boats became larger and more expensive to build and maintain, during the early modern period it was less of a problem. If the journey upstream was too difficult or expensive, it was better to take a boat or other conveyance downstream and then return upstream overland, leaving the boat, or the wood of which it was constructed, to be sold.[24] In such circumstances the boat used only for travelling downstream did not have to be complex or even particularly well built because it had to survive only a single journey. On many rivers a considerable amount of traffic was carried on rafts, platforms of logs with basic navigation equipment, living quarters for the crew and basic storage for other goods.[25] The raft was not a survival of a primitive form of transport, indicating the backward and undeveloped state of transportation, but in fact an entirely practical solution to a common problem.

A second problem with river navigation was its seasonality. On all European rivers, but in particular those like the Loire where shallows and sandbanks were common, trade was only possible when conditions were right. The Alpine rivers, fed by mountain snows, were unusable during the winter when the cold locked up much of their flow. Rivers like the Elbe or the Vistula were largely unusable during the winter months because of ice, although some goods continued to be carried by sledge on the frozen rivers. Virtually all rivers were unusable, especially upstream, during the spring spates. Summer or autumn drought, which meant low water levels in the rivers, also slowed or stopped movement.[26] This seasonality of trade would obviously become a major problem in the nineteenth century when the new factory-based industries depended on year-round production and sales to service their immense establishment and financial costs, but in the early modern period this seasonality fitted well into a structure which was itself

heavily seasonal. Again, the early modern system was efficient within its own terms. It is only when it is expected to carry out functions which were foreign to it that it begins to appear inefficient.

The problems of the water-based transportation system were not totally insurmountable, nor were no attempts made to deal with them, attempts which were in many cases successful. Early modern Europeans did not simply accept their transportation and communications system in a fatalistic sort of way but attempted to improve the situation. The river navigations themselves were improved by dredging, by piling and other forms of water management including, in some places, canalisation and the installation of locks to bypass rapids or to raise water levels. Increasing attempts were made to modernise the system by improving the connections between river systems. One of the untold stories of the Middle Ages and the early modern period is the process by which the gaps between river systems were bridged, for instance, the way in which the economic systems of the Loire, Rhône and Seine valleys were brought into contact. To move from river system to river system involved some kind of transport across the intervening land which, by its very nature, was hilly and difficult. In the early modern period these links not only existed but were of considerable importance. Towns like Roanne and La Charité-sur-Loire owed their prosperity to a major extent to their importance as transhipment centres.[27] The longest and most complex of these overland links were the ones which linked rivers over the Alps. The route from the head of navigation on the Adige at Bolzano over the Brenner Pass to the head of navigation on the Inn at Innsbruck was one of the major routes of European commerce. As the importance of these links, and of the interlinkages between regions, grew, attempts were made to improve them. In some cases this took the form of road improvements and the provision of larger and better teams of draught animals or of larger pack trains, but in others the importance of the link was so great that by the seventeenth century plans were being laid to develop water communications. The construction of the Canale de Briare in 1604 marked the beginning of a water communication between the Loire and the Loing and hence with the Seine and Paris. The new canal was striking both for its scale and also for the complexity of the civil engineering work involved. An even greater piece of linkage was the construction of the Canale des Deux Mers in southern France. Canal construction, of course, was not limited to France. In the Low Countries the construction of canals and dykes, used for both drainage and for transport, had been a common feature

since the Middle Ages. In the northern Netherlands, for instance, the canal system played a major role in the transport of goods, including agricultural produce, to and from the cities of the western Netherlands, and also provided an efficient system of passenger transport.[28]

The water-borne system was in many ways well suited to the structure and organisation of early modern industry and commerce. It would be entirely wrong to suggest that goods were only transported by water, with land transport playing the role of local distributor to towns and villages off the main lines of river communication. Land transport did play a major role. In part that role was the linking between river systems mentioned above, but in some cases it went much further than that. For instance, even in the sixteenth century, much of the important trade between Lyon and the cities of the southern Netherlands, rather than following the longer water route via the Doubs and the Rhine, was taken, either by boat or by packhorse or cart to St Jean de Losne on the Saône and then by road via the upper Seine valley to Troyes, Reims, Laon, St Quentin and Guise. This was a sufficiently large and sufficiently established land-trading route for specialist 'haulage contractors' to have developed in the villages of the upper Seine valley around Bar-sur-Seine who contracted with the merchants to convey their goods over the whole journey.[29] Land-based trading could have a place in the system where the alternatives were either too long or too risky. It was much better to convey goods between the Loire and the Seine over land than it was to risk the dangerous voyage down to the sea and around Brittany.

Land-based trade occurred in other circumstances. In particular, goods which could move themselves, cattle and sheep, for example, were taken over land. Whatever the impression the older interpretations claimed, meat was an important element of consumption in early modern Europe. In an age without refrigeration, the only way in which fresh meat could be supplied was by taking the live beast to the consumer, or nearly so. For some towns and regions local supplies were enough, but for many of the expanding urban centres of the early modern period, local supplies were by no means adequate. English historians have long been used to the idea of the great cattle droves from the pastoral areas of England, Wales and, by the eighteenth century, Scotland to London. This movement of animals, however, was only one, and a relatively unimportant one, of many similar movements of cattle. Cattle from the pastures of the Limousin were already in the sixteenth century being driven to Bordeaux, Lyon and Paris; Lyon also

drew important supplies both of cattle and of dairy produce from the Bresse and the western slopes of the Alps.[30] The Hohenlohe in south-western Germany raised cattle which were exported on the hoof to the towns of southern Germany, and to Strasbourg or even further.[31] Cattle and sheep were driven from Normandy to Paris or were driven to Picardy to be fattened before being traded to the Paris market.[32] Greatest of all, involving in some cases herds of 15 000 or 20 000 beasts, was the movement of cattle from Europe's 'wild east', the plains of Poland and western Russia, through cattle-trading towns and centres in Saxony and Thuringia, further west into Germany, France and the Netherlands.[33]

Early modern Europe's transportation system was by no means primitive or minimal. Goods did move about to a lesser extent than they were to do after the arrival of the railways and, as a consequence, there were still economic advantages in the relatively local production of the cheapest goods for mass consumption. Nonetheless, there was extensive trade in manufactured goods and raw materials, sufficient to allow the development of relative local specialisation in particular types of production, and certainly enough to allow the development of a consumer market in goods which were not locally produced. It is worth pointing out that the acknowledged problems and cost penalties of the long-distance transport of manufactured or colonial goods were not so great, or alternatively the poverty of early modern consumers was not so severe, as to prevent the development of large-scale consumption of these goods which lay outside the basic minimal consumption for survival.

Goods were not the only thing to travel. Information, economic as well as political, was of crucial importance. In the modern world, where so much information is available widely and immediately, it is very easy to forget how important information, about economic conditions, about the political situation in distant places, even about the prevalence of epidemic disease, was for traders or producers. Information about markets and demand in general was important, but short-term information, and the short-term advantage which came from having information (in particular correct information) before one's competitors, could be of great importance. Information in the early modern period moved in general no faster than the fastest horse.[34] As conditions on the roads improved, as they did over most of continental Europe, so the speed of information increased, but even at the end of the period, it was not so great that decisions could be referred back to the home

base of a company if the market was to be played effectively. The development of a large, more fashion-influenced consumer market which was more likely to be fluctuating increased the importance of information and began the creation of what can be called an information industry. In particular the need of traders and merchants for accurate information about distant markets, and incidentally about the political and military situation which was a crucial element in those market conditions, led to the development of newssheets designed to provide just that sort of information. Some of the great trading and financial companies of the later Middle Ages and the sixteenth century, and indeed some of the states, had developed internal information systems. The great Fugger banking house of Augsburg collected information from its agents and correspondents all over Europe and circulated them internally. The Venetian Council of Ten, as part of its European-wide information network, collected commercial as well as political reports. It was in the seventeenth century, in part as a result of official action, but increasingly as a private commercial undertaking, that newssheets began to be published and circulated, listing prices in major centres such as Amsterdam and Hamburg. Increasingly these newssheets collected information from elsewhere in Europe. For the first time merchants and manufacturers could have – albeit somewhat out-of-date – information about prices and market conditions in Europe's major centres of trade and consumption without the expense of setting up their own networks.

If information was in short supply and expensive, rumour was in general in good supply and cheap, at least to purchase, if not in its consequences. One of the major issues which the earlier interpreters of the early modern economy never really tackled, and which even more recent ones are only just beginning to consider, is the role of rumour in economic decision-making. In the early modern period it was only possible long after the event to be certain whether information was correct. Usually, economic decisions had to be taken on the basis of information which could be totally incorrect, based on rumour, and in some cases on rumour maliciously spread. The degree of accuracy of any report was unknowable. This problem is most strikingly visible where the time-lag between events and information was very long, such as in the intercontinental trades with Asia or America.

The trading networks which have just been discussed were, in modern terms, wholesale networks, moving goods from region to region in bulk rather than distributing them to consumers within the region. Although

some of the long-distance traders did engage in more local trade, the complexities of long-distance trade made concentration on it much easier than trying to combine it with other activities. Furthermore, the structure of long-distance trades tended to mean that all long-distance traders had to some extent to be general dealers rather than specialists. Although a trader might partially specialise, for example, in the export of textiles from his local economy, or in the import of spices into that economy, his need to maximise the efficiency of the operation of his trade meant that on the return leg of the trade he was likely to trade in whatever commodity appeared likely to be the most profitable or the most secure or to return his profits as cash.[35] Hence commercial specialisation at the highest level was uncommon. Since a particular retail buyer was unlikely to know what goods a particular trader was carrying on a specific trip, and was unlikely to be interested in dealing in all the goods he might carry, since it might range from spices to silks to iron goods from Sweden, there was a considerable tendency to specialise in either wholesale or retail trade.

The production-based interpretations of the early modern economy have tended to ignore the whole retail sector. Historians discussed how goods were produced but had little interest how they were consumed and how they got to the consumer, certainly compared with questions such as the supply of raw materials or of capital to provide machinery. Consideration of the distribution network was limited to a discussion of the great fairs, such as those of Lyon or Champagne, which were essentially wholesale and financial organisations, and of the local markets and of pedlars. Up to a point this concentration on the periodic markets is both valid and significant. In the sixteenth century and before, most retailing outside the largest towns does seem to have occurred within the framework of these weekly or less frequent markets. The periodic nature of these markets and hence of spending is a clear reminder of the periodic and seasonal nature of much income and expenditure, especially in the dominant rural sector. In the older interpretations the figure of the pedlar symbolised the relatively low levels of consumption in an economy dominated by subsistence, but may be seen rather more as the first stage of the development of a distribution network which reached far beyond the market towns and began to service rural consumer demand.

By the eighteenth century, however, this picture was changing not merely in the most 'advanced' areas of Europe but over most of the continent. Although periodic markets and pedlars still survived, their

importance was declining. In many towns the permanent shop had begun to replace the market stall, and in some towns and cities, the shop had become something more than an enclosed version of a market stall; for instance shop windows and window displays had begun to appear. Shops also began to be seen in villages in the eighteenth century, earlier in some parts of Europe. At first these village shops sold only food and drink, but later much more complex general stores, selling haberdashery, textiles, metal and other household goods, began to appear. Village people began going to the shop for their needs rather than waiting until market day and making the trip into the market town for their purchases or waiting for the irregular and unpredictable visits of the pedlar.

This rise of the permanent shop has considerable significance for both the economy and for society. Permanent shops, with their higher overheads, imply a higher and more constant level of consumer demand, a demand which expressed itself in cash terms. That higher level of demand indicates either greater prosperity or a higher level of disposable income, or both. The permanence of that demand suggests either a very much higher level of income and a much higher security of income, or a profound change in attitudes to consumption and to saving, or both. The shops could provide credit and hence offer another way of tiding a family or an individual over seasonal or other crises. This local supply of easily available credit with no security may well have played a role both in generating a more permanent level of consumption and in creating the greater sense of security which was necessary for the generation of higher consumption.

Most of the changes in the retailing sector happened during or before the eighteenth century, that is, before any real process of industrialisation got under way in Britain and long before it occurred on the Continent. Yet these changes were said in the older production-based interpretations to be the consequences of industrial change and of the industrialisation process rather than precursors of it. It is striking that these changes in retailing, as well as the more general changes in patterns of consumption on which they closely depended, were not confined to the most 'developed' areas of Europe, that is, to the Netherlands or England, but can be identified over much of the Continent. It may well have been in some of the most 'backward' areas such as France and Spain which were dominated by 'feudalism' and by 'feudal values', or in Italy, whose merchant capitalist tradition was in the process of being 'betrayed' by a formerly commercial nobility which was

being refeudalised, that the developments in retailing and consumption appeared earliest and developed most strongly before the nineteenth century. It can no longer be safely argued that change in early modern Europe, nor even change in a 'modernising' direction, were confined to a few particular areas in Protestant north-western Europe.